

Message Text

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PAGE 01 MTN GE 10147 01 OF 04 281147Z
ACTION EB-07

INFO OCT-01 AF-08 ARA-06 EA-07 EUR-12 NEA-10 IO-13 FEA-01
AGRE-00 CEA-01 CIAE-00 DODE-00 FRB-03 H-01 INR-07
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05
CIEP-01 SS-15 STR-04 ITC-01 USIA-06 PRS-01 SP-02
OMB-01 ISO-00 /131 W

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R 280945Z DEC 76

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TO SECSTATE WASHDC 2153

INFO ALL OECD CAPITALS 131-132-133-134

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PAGE 02 MTN GE 10147 01 OF 04 281147Z

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LIMITED OFFICIAL USE SECTION 1 OF 4 MTN GENEVA 10147

DEPARTMENT PASS STR, LABOR, AGRICULTURE, ITC

E.O. 11652: N/A

TAGS: ETRD, MTN, OCON

SUBJECT: MTN NEGOTIATIONS: REPORT #6 - FALL SESSION 1976

REF: MTN GENEVA 6044

BEGIN SUMMARY. DURING THE FALL MTN GROUP MEETINGS WERE HELD ON ALL THE MAJOR SUBJECTS UNDER NEGOTIATION, AND INTENSIVE BILATERAL CONSULTATIONS WERE CONTINUED WITH OTHER DELEGATIONS. THE TABLING OF TWO ADDITIONAL TARIFF LIMITED OFFICIAL USE

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PAGE 03 MTN GE 10147 01 OF 04 281147Z

FORMULA PROPOSALS MOVED THE WORK ON TARIFFS TO A NEW NEGOTIATING PHASE. ON SAFEGUARDS, INITIAL RESPONSES WERE RECEIVED FROM OTHER DELEGATIONS TO THE U.S. PROPOSAL TABLED IN JULY. VARIOUS ELEMENTS OF GATT REFORM WILL BE DEALT WITH IN A NEW GROUP ESTABLISHED IN NOVEMBER. ALTHOUGH MEETINGS AND EXTENSIVE BILATERAL CONSULTATIONS WERE HELD, VARIOUS NONTARIFF MEASURE GROUPS MADE SLOW PROGRESS BECAUSE OF PROCEDURAL DIFFICULTIES RAISED BY THE EC CONCERNING HOW AGRICULTURE SHOULD BE DEALT WITH IN THE NEGOTIATIONS. LATE IN DECEMBER THESE PROCEDURAL DIFFICULTIES WERE RESOLVED, ENABLING WORK IN THE NTM AREA TO PROCEED. THE FUNDAMENTAL DISAGREEMENT ON AGRICULTURE BETWEEN THE U.S. AND THE EC REMAINED UNBRIDGED, HOWEVER, END SUMMARY.

1. A) TARIFFS - AT THE OCTOBER TARIFF GROUP MEETING, JAPAN AND SWITZERLAND FORMALLY PROPOSED GENERAL TARIFF REDUCTION FORMULAS, TO BE CONSIDERED BY THE GROUP AS ALTERNATIVES TO THE PROPOSALS PREVIOUSLY MADE BY THE UNITED

STATES, THE EUROPEAN COMMUNITY AND CANADA.

B) BOTH COUNTRIES CHOSE FORMULAS THAT AIM AT ACHIEVING HARMONIZATION OF TARIFFS BY PROVIDING FOR DEEPER PERCENTAGE REDUCTIONS OF HIGHER RATES. JAPAN PROPOSED THE FORMULA $Z \text{ EQUALS } .3X \text{ PLUS } 3.5$ (WHERE Z IS THE NEW REDUCED RATE, AND X IS THE EXISTING MFN RATE). IT STATED THAT ITS FORMULA WOULD: PRODUCE SUBSTANTIAL LIBERALIZATION WHILE NARROWING TARIFF DIFFERENTIALS; MINIMIZE THE NEED FOR COUNTRIES TO EXCEPT TARIFF ITEMS FROM "FORMULA" REDUCTIONS; AND HELP PRESERVE GSP MARGINS OF PREFERENCE BY NOT REDUCING RATES 5 PERCENT AND BELOW (THE FORMULA HAS AN EXPLICIT "FLOOR" AT 5 PERCENT).

C) THE SWISS FORMULA HAS A MORE COMPLICATED MATHEMATICAL FORM. THE SWISS STATED THEY COSE THE FORMULA $Z \text{ EQUALS } 14 \text{ TIMES } X \text{ DIVIDED BY } (14 \text{ PLUS } X)$, BECAUSE IT CALLED FOR MEANINGFUL TARIFF REDUCTIONS, HAS A HARMONIZING EFFECT, LIMITED OFFICIAL USE

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PAGE 04 MTN GE 10147 01 OF 04 281147Z

AND IT WOULD PRODUCE NEW TARIFF RATE PROFILES WHICH WOULD FACILITATE FUTURE MULTILATERAL TARIFF LIBERALIZATION.

D. THE U.S. STATED THE NEW PROPOSALS PLACED TOO MUCH EMPHASIS ON HARMONIZATION, AT THE EXPENSE OF SUBSTANTIAL ABSOLUTE DUTY REDUCTIONS. WE WERE ALSO OPPOSED TO THE A PRIORI EXCLUSION OF SUCH A LARGE NUMBER OF TARIFF ITEMS FROM FORMULA REDUCTION AS WOULD RESULT UNDER THE JAPANESE PROPOSED "FLOOR" ON TARIFF CUTS. ON THE OTHER HAND, WE WERE ENCOURAGED THAT THE NEW PROPOSALS HAD NOT EXCLUDED THE POSSIBILITY OF APPLYING THE FORMULA TO AGRICULTURAL TARIFFS, WHICH IS RULED OUT UNDER THE EC PROPOSAL.

E) THE DECEMBER MEETING WAS DEVOTED ALMOST EXCLUSIVELY TO AN EXCHANGE BETWEEN DEVELOPED AND DEVELOPING COUNTRIES ON APPROPRIATE SPECIAL MEASURES TO BE APPLIED IN FAVOR OF THE DEVELOPING COUNTRIES IN THE TARIFFS AREA. THE DCS WERE UNANIMOUS IN REJECTING THE PROPOSAL OF SOME LDCS THAT GSP RATES (OR MARGINS OF PREFERENCE) SHOULD BE GIVEN A LEGAL CHARACTER BY BEING BOUND. THE DCS ARE WILLING, HOWEVER, TO UNDERTAKE DEEPER REDUCTION OF MTN RATES (THAN CALLED FOR BY AN AGREED TARIFF-CUTTING FORMULA) ON SELECTED ITEMS OF LDC EXPORT INTEREST, AND TO ACCELERATE IMPLEMENTATION OF THESE SPECIAL REDUCTIONS.

F) MANY DCS ARE ALSO WILLING TO EXCEPT ITEMS FROM LIBERALIZATION TO PRESERVE GSP PREFERENCE MARGINS. THE UNITED STATES SPOKE OUT AGAINST SUCH EXCEPTIONS, NOTING THAT THIS TYPE OF ACTION WAS NOT CONSISTENT WITH THE

TRADE LIBERALIZATION AIMS OF THE NEGOTIATIONS, AND
WOULD BE COUNTERPRODUCTIVE TO LDC OBJECTIVES OVER THE
LONGER TERM.

G) THE GROUP AGREED TO RESOLVE THE ISSUES OF SPECIAL
MEASURES AND SPECIAL PROCEDURES AT A TIME NO LATER THAN
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PAGE 05 MTN GE 10147 01 OF 04 281147Z

ITS DECISION ON A TARIFF-CUTTING FORMULA.

H) DURING THE PERIOD, MEMBERS OF THE MTN DEL VISITED
CAPITALS OF MEMBER STATES OF THE EUROPEAN COMMUNITY TO
EXPLORE WITH THEM THE BENEFITS TO THEIR EXPORTERS OF AN
AMBITIOUS TARIFF CUTTING PROPOSAL SUCH AS OUR OWN.
THROUGH THE USE OF EMPIRICAL DATA WE DEMONSTRATED THAT
A FORMULA WHICH CUTS MOST SUBSTANTIALLY WITHIN THE RANGE
OF RATES 5 TO 15 PERCENT SHOULD BE OF GREATEST INTEREST
TO THEIR EXPORT INTERESTS.

2. A) NON-TARIFF MEASURES (NTM) - THE NTM PARENT GROUP,
WHICH SUPERVISES ALL OF THE WORK OF FIVE SUBGROUPS, POST-
PONED ITS MEETING UNTIL AFTER GROUP AGRICULTURE HAD
ADDRESSED SOME KEY ISSUES RELATED TO THE NTM WORK
PROGRAM. (SEE PARA 3 ON AGRICULTURE). WITH THE POST-
PONEMENT OF THE NTM PARENT GROUP, PRECISE MEETING DATES
HAVE NOT BEEN SET FOR THE WINTER MEETINGS. ALL THE NTM
GROUPS AND SUBGROUPS, HOWEVER, ARE TENTATIVELY SCHEDULED
TO MEET DURING THE MONTHS OF FEBRUARY AND MARCH.

ACTIVITIES IN SPECIFIC NTM SUBGROUPS WERE AS FOLLOWS:

B) CUSTOMS MATTERS: A LONG-OUTSTANDING ISSUE WAS
RESOLVED LATE IN THE SUMMER WHEN THE EC ACCEPTED THE U.S.
DEMAND THAT ACKNOWLEDGEMENT OF ADEQUATE RECIPROCITY BE
GIVEN BEFORE SERIOUS DISCUSSIONS WERE UNDERTAKEN ON
POSSIBLE NEW INTERNATIONAL CUSTOMS VALUATION RULES.

THIS DEVELOPMENT ENHANCES THE PROSPECTS FOR SUBSTANTIVE
NEGOTIATIONS ON CUSTOMS VALUATION. THE SUBGROUP'S
OCTOBER MEETING WAS DEVOTED LARGELY TO A DISCUSSION OF
TECHNICAL VALUATION ISSUES. THE EC MADE AN APPEAL THAT
ALL PARTICIPATING COUNTRIES SHOULD EMPLOY THE SAME APPROACH
TO VALUATION AND TABLED A LIST OF SPECIFIC ISSUES TO BE
CONSIDERED IN DRAWING UP ANY NEW RULES. THIS LIST WILL BE
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PAGE 06 MTN GE 10147 01 OF 04 281147Z

THE FOCUS OF THE NEXT MEETING.

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PAGE 01 MTN GE 10147 02 OF 04 281242Z
ACTION EB-07

INFO OCT-01 ISO-00 AF-08 ARA-06 EA-07 EUR-12 NEA-10 IO-13
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PAGE 02 MTN GE 10147 02 OF 04 281242Z

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LIMITED OFFICIAL USE SECTION 2 OF 4 MTN GENEVA 10147

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C) IN AN EFFORT TO MOVE NEGOTIATIONS FORWARD ON OTHER CUSTOMS MATTERS TOPICS THE U.S. TABLED A PROPOSAL FOR NOTIFICATION/CONSULTATION OF CUSTOMS PRACTICES INCLUDING DOCUMENTATION, PROCEDURES AND CONSULAR FORMALITIES AND FEES. DEVELOPING COUNTRIES, LEAD BY ARGENTINA, OPPOSED THE INITIATIVE ON THE GROUNDS THAT CONSULAR FORMALITIES AND FEES DO NOT CONSTITUTE BARRIERS TO TRADE. THE TOPIC WILL BE REVERTED TO AT THE NEXT MEETING.

D) QUANTITATIVE RESTRICTIONS: THE QR SUBGROUP'S OCTOBER LIMITED OFFICIAL USE

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PAGE 03 MTN GE 10147 02 OF 04 281242Z

MEETING FOCUSED ON A U.S. SUGGESTION FOR NEGOTIATING APPROACHES TO QRS. THE SUGGESTION CONSISTS OF A TWO-TRACK PROCEDURE INCLUDING BILATERAL DISCUSSIONS OF SPECIFIC QRS AND MULTILATERAL GATT EXAMINATION OF QRS THAT COUNTRIES ARE UNWILLING TO ELIMINATE BY THE CONCLUSION OF THE MTN. COMMENTS ON THE U.S. SUGGESTION ARE EXPECTED AT THE NEXT MEETING. THE DEVELOPING COUNTRIES CONTINUED TO PRESS FOR SPECIAL AND DIFFERENTIAL TREATMENT OF QRS OF INTEREST TO THEM IN PROCEDURES FOR NEGOTIATION (E.G., PRIORITY ATTENTION) AS WELL AS MORE FAVORABLE

TREATMENT (E.G., LARGER INCREASE IN QUOTAS).

E) GOVERNMENT PROCUREMENT: ORGANIZATIONAL ISSUES WERE THE SUBJECT OF THE INITIAL MEETING HELD IN OCTOBER OF THE NEWLY FORMED SUBGROUP ON GOVERNMENT PROCUREMENT. PARTICIPANTS AGREED TO REQUEST THE OECD TO FORWARD ITS DRAFT INSTRUMENT ON PROCUREMENT TO THE MTN (THE REQUEST WAS GRANTED BY THE OECD TRADE COUNCIL IN DECEMBER). IN ADDITION, THE GATT SECRETARIAT WAS REQUESTED TO DRAW UP A LIST OF ISSUES THAT MIGHT BE COVERED BY A CODE ON GOVERNMENT PROCUREMENT. DELEGATES WERE INVITED TO CONTRIBUTE TO SUCH A LIST. THESE TWO DOCUMENTS WILL PROVIDE THE BASIS FOR FUTURE WORK. DEVELOPING COUNTRIES DISPLAYED THEIR ANXIETY TO PARTICIPATE IN THE WORK ON A CODE (HITHERTO SUBJECT ONLY TO DEVELOPED COUNTRY DELIBERATIONS) AND INITIATED THEIR REQUESTS FOR SPECIAL AND DIFFERENTIAL TREATMENT.

F) STANDARDS: WORKMANLIKE PROGRESS CONTINUED ON THE DRAFT STANDARDS CODE WHEN THE SUBGROUP REVIEWED THE DRAFT PROVISIONS AT ITS NOVEMBER MEETING. A NUMBER OF SUGGESTED MODIFICATIONS WERE ACCEPTED WHILE OTHERS WERE WITHDRAWN THEREBY REDUCING THE NUMBER OF OUTSTANDING ISSUES TO BE RESOLVED. FURTHERMORE, STEPS WERE TAKEN TOWARD RESOLVING OF DISAGREEMENT ON KEY DEFINITIONS, AN ISSUE THAT HAS PLAGUED RAPID PROGRESS. LIMITED OFFICIAL USE

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PAGE 04 MTN GE 10147 02 OF 04 281242Z

DEVELOPING COUNTRIES PRESSED FOR SPECIAL AND DIFFERENTIAL TREATMENT THROUGHOUT THE CODE'S PROVISIONS. THE U.S. ANNOUNCED ITS INTENTION TO SUBMIT A SUGGESTION TO ADDRESS DEVELOPING COUNTRY CONCERNS IN ONE SECTION OF THE CODE IN LIEU OF "SPRINKLING" S&D CLAUSES IN ALL PARTS OF THE CODE.

G) SUBSIDIES/COUNTERVAILING DUTIES: THE SUBGROUP ON SUBSIDIES/COUNTERVAILING DUTIES POSTPONED ITS NOVEMBER MEETING IN ANTICIPATION OF A CANADIAN INITIATIVE TO DRAFT A COMPREHENSIVE CODE ON THESE ISSUES. THE CANADIAN DOCUMENT SHOULD BE DISTRIBUTED IN LATE DECEMBER/EARLY JANUARY AND PROVIDE A FOCUS FOR CONCRETE NEGOTIATIONS IN THIS AREA.

3. A) AGRICULTURE-GROUP AGRICULTURE HELD ITS FIRST AND ONLY MEETING OF THE YEAR ON DECEMBER 20 AND AGREED ON A NUMBER OF PROCEDURAL ISSUES TO FACILITATE DISCUSSIONS ON AGRICULTURAL ISSUES IN MTN FORA WITHOUT PREJUDICE TO ANY QUESTION OF THE FORUM OR FORA IN WHICH SUCH ISSUES MAY BE RAISED OR NEGOTIATED, THEREBY PRESERVING THE U.S. OR EC POSITION ON THIS FUNDAMENTAL

QUESTION. ARDUOUS BILATERAL CONSULTATIONS BETWEEN THE U.S. AND EC WERE REQUIRED THROUGHOUT THE FALL TO REACH THESE PROCEDURAL AGREEMENTS.

B) SPECIFICALLY, THE AGRICULTURE GROUP AGREED TO REVIEW THE APPLICABILITY OF THE DRAFT STANDARDS CODE TO AGRICULTURAL PRODUCTS IN MID-MARCH; TO ADOPT PROCEDURES FOR REPORTING AND CIRCULATING THE RESULTS OF BILATERAL CONSULTATIONS HELD UNDER "OTHER PRODUCTS" PROCEDURES, AND; TO GIVE ITS APPROVAL TO THE NON-TARIFF MEASURES GROUP TO SUPPLEMENT THE TARIFF RATE INFORMATION FILE WITH NON-TARIFF MEASURES ON PRODUCTS WITHIN MTN CHAPTERS 1-24 AND TO ADOPT A NOTIFICATION AND CONSULTATION PROCEDURE FOR NON-TARIFF MEASURES ON AGRICULTURAL PRODUCTS NOT LIMITED OFFICIAL USE

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PAGE 05 MTN GE 10147 02 OF 04 281242Z

BEING DEALT WITH MULTILATERALLY ELSEWHERE.

C) WITH REPORTING PROCEDURES AGREED, THE U.S. CAN PROCEED WITH CONSULTATIONS UNDER "OTHER PRODUCTS" PROCEDURES. TO DATE, THE U.S. HAS RECEIVED NOTIFICATIONS AND REQUESTS FOR CONSULTATIONS FROM NINE COUNTRIES AND SUBMITTED OR NOTIFICATIONS TO EIGHT COUNTRIES (IN BOTH INSTANCES COUNTING THE EC AS ONE) UNDER THESE PROCEDURES. THE U.S. DID, HOWEVER, HOLD CONSULTATIONS OUTSIDE ANY MTN GROUP PROCEDURES WITH CANADA ON DECEMBER 8 ON U.S. MEASURES AFFECTING TRADE IN AGRICULTURAL AND FISHERY PRODUCTS OF EXPORT INTEREST TO CANADA.

D) IF AS EXPECTED, THE NON-TARIFF MEASURES GROUP ADOPTS A NOTIFICATION AND CONSULTATION PROCEDURE FOR "NON-TARIFF MEASURES NOT DEALT WITH MULTILATERALLY", THE U.S. WILL PROBABLY SUBMIT THE BALANCE OF ITS NOTIFICATIONS ON MEASURES OTHER THAN QRS AND ENGAGE IN CONSULTATIONS IN THE AGRICULTURE GROUP, THE NON-TARIFF MEASURES GROUP, OR THE QR SUBGROUP, WHEREVER THE OTHER COUNTRY IS READY AND WILLING TO CONSULT.

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PAGE 01 MTN GE 10147 03 OF 04 281213Z
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PAGE 02 MTN GE 10147 03 OF 04 281213Z

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LIMITED OFFICIAL USE SECTION 3 OF 4 MTN GENEVA 10147

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R. A) SAFEGUARDS - THE SIXTH MEETING OF MTN GROUP SAFEGUARDS WAS HELD OCTOBER 27-28, BRINGING TO COMPLETION THE GROUP'S PRELIMINARY DISCUSSION OF POSSIBLE ELEMENTS OF A REVISED MULTILATERAL SAFEGUARD SYSTEM, AND BEGINNING THE TRANSITION INTO ACTUAL NEGOTIATIONS. THAT TRANSITION HAD BEEN SIGNALLED BY THE TABLING IN JULY OF A COM-
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PAGE 03 MTN GE 10147 03 OF 04 281213Z

PREHENSIVE U.S. PROPOSAL FOR A MULTILATERAL CODE TO SUPPLEMENT ARTICLE XIX OF THE GATT, AND FOR AGREEMENT ON CERTAIN BROADER GATT OBLIGATIONS TO DEAL WITH EXISTING OPPORTUNITIES TO TAKE SAFEGUARD ACTION WHILE BYPASSING THE BASIC SYSTEM.

B) THE GROUP'S OCTOBER MEETING WAS DEVOTED TO DETAILED PRELIMINARY REACTIONS TO OUR JULY PROPOSAL BY A LARGE NUMBER OF MTN PARTICIPANTS.

INITIAL RESPONSES WERE CONSTRUCTIVE AND SUGGESTED THAT THE U.S. PROPOSAL MAY OFFER A USEFUL NEGOTIATING VEHICLE FOR THE FURTHER WORK OF THE GROUP. SEVERAL LDCS STATED THAT THEY VIEWED EARLIER SPECIFIC SUGGESTIONS THEY HAD MADE FOR IMPROVING THE SAFEGUARDS SYSTEM AS "COMPLEMENTARY" TO THE PROPOSAL. THE GROUP AGREED TO PROCEED WITH ITS WORK ON THE BASIS OF ALL ELEMENTS OF PROPOSALS AND SUGGESTIONS ON THE TABLE. THE SAFEGUARDS GROUP WILL NEXT MEET IN THE WEEK OF FEBRUARY 14, 1977, TO CONTINUE DELIBERATIONS.

A5. A) GATT REFORM - FOLLOWING EXTENSIVE CONSULTATION ON A PROPOSAL BY BRAZIL AT THE DECEMBER 1975 TNC MEETING, THE TNC ON NOVEMBER 5, 1976, ESTABLISHED A NEW NEGOTIATING GROUP, IN ACCORDANCE WITH PARAGRAPH 9 OF THE

TOKYO DECLARATION, TO CONSIDER "IMPROVEMENTS IN THE INTERNATIONAL FRAMEWORK FOR THE CONDUCT OF WORLD TRADE, PARTICULARLY WITH RESPECT TO TRADE BETWEEN DEVELOPED AND DEVELOPING COUNTRIES AND DIFFERENTIAL AND MORE FAVORABLE TREATMENT TO BE ADOPTED IN SUCH TRADE." THE UNITED STATES HAD CONDITIONED ITS ACCEPTANCE OF THE NEW GROUP ON THE NEED TO AVOID OVERLAP WITH WORK ALREADY UNDERWAY ELSEWHERE IN THE MTN, THE NEED TO OBSERVE THE OVERALL TIME SCHEDULE FOR THE MTN IN DESIGNING A WORK PROGRAM, AND THE IMPORTANCE OF HAVING A BALANCE OF FRAMEWORK IMPROVEMENT TOPICS OF INTEREST TO BOTH DEVELOPED AND DEVELOPING COUNTRIES. THESE REQUIREMENTS WERE MET

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PAGE 04 MTN GE 10147 03 OF 04 281213Z

BY LANGUAGE OF THE TNC DECISION ESTABLISHING THE GROUP AND THE CHAIRMAN'S SUGGESTED WORK PROGRAM.

B) WITH THE FORMATION OF THE NEW GROUP (YET TO BE FORMALLY NAMED), AND A LARGE MEASURE OF AGREEMENT ON THE SUGGESTED WORK PROGRAM, THREE ADDITIONAL "TRADE REFORM" AREAS HIGHLIGHTED IN THE TRADE ACT ARE NOW MOVING INTO NEGOTIATION: GATT PROVISIONS GOVERNING THE USE OF EXPORT RESTRICTIONS; TRADE MEASURES TAKEN FOR BALANCE OF PAYMENTS PURPOSES; AND THE BORDER ISSUE OF CONSULTATION, SURVEILLANCE, AND DISPUTE SETTLEMENT IN THE INTERNATIONAL TRADING FRAMEWORK. AS SUGGESTED IN THE TNC CHAIRMAN'S PROPOSED WORK PROGRAM, THE GROUP WILL ALSO CONSIDER ASPECTS OF THE TRADING FRAMEWORK OF SPECIAL INTEREST TO DEVELOPING COUNTRIES, SO THAT THE OVERALL PROGRAM OF WORK FOR THE GROUP REPRESENTS A BALANCE OF INTERESTS AMONG MTN PARTICIPANTS AND A POTENTIALLY USEFUL MIX OF NEGOTIATING POSSIBILITIES.

C) AN INITIAL ORGANIZATIONAL MEETING OF THE NEW GROUP WAS HELD ON DECEMBER 14, 1976, TO SET THE STAGE FOR THE BEGINNING OF SUBSTANTIVE WORK DURING THE WEEK OF FEBRUARY 21, 1977. MANY PARTICIPANTS STILL APPROACH CAUTIOUSLY THE QUESTION OF REVISING THE TRADING RULES, AND THIS ATTITUDE WAS REFLECTED IN A NUMBER OF QUALIFICATIONS AND RESERVATIONS BY DELEGATIONS REGARDING VARIOUS ELEMENTS OF THE SUGGESTED WORK PROGRAM. DEVISING A GENERALLY ACCEPTABLE METHOD OF MOVING AHEAD IN THESE NEGOTIATIONS, THEREFORE, WILL BE THE FIRST MAJOR CHALLENGE TO BE FACED BY THE GROUP IN 1977.

6. A) SECTORS - SUBSTANTIVE PROGRESS IN THE SECTORS GROUP CONTINUES TO AWAIT PROGRESS ON SOLUTIONS TO THE GENERAL PROBLEMS IN TARIFFS AND NONTARIFF MEASURES. AT THE GROUP MEETING, IN OCTOBER, CANADA ANNOUNCED ITS INTENTION TO INITIATE A SERIES OF BILATERAL AND PLURILATERAL CON-

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PAGE 05 MTN GE 10147 03 OF 04 281213Z

SULTATIONS WITH OTHER COUNTRIES ON CANADIAN PROPOSALS FOR SECTOR NEGOTIATIONS. THIS STEP IS DESIGNED BY THE CANADIANS TO KEEP THEIR SECTOR PROPOSALS ALIVE. CANADA ORIGINALLY PROPOSED SECTOR NEGOTIATIONS IN NONFERROUS METALS AND HAS NOW ADDED FOREST PRODUCTS. ITS PROPOSAL WOULD HARMONIZE TARIFFS ON THESE PRODUCTS ON THE U.S. RATES REDUCED BY OUR FULL AUTHORITY, COUPLED WITH A MULTILATERAL AGREEMENT ON A PRODUCT SECTOR BASIS COVERING VARIOUS NONTARIFF MEASURES.

B) THE EC, JAPAN AND THE NORDICS CONTINUE TO OPPOSE SECTOR NEGOTIATIONS AS PREMATURE; THE UNITED STATES HAS TAKEN NO POSITION ON THE CANADIAN PROPOSALS. WHILE THE UNITED STATES MAINTAINS ITS INTENTION TO MAKE A PROPOSAL FOR SECTOR NEGOTIATIONS ON STEEL, WE HAVE NOT TAKEN ANY ADDITIONAL ACTION.

7. A) TROPICAL PRODUCTS - DURING THE REPORTING PERIOD, THE U.S. MAINTAINED ITS POSITION THAT THE IMPLEMENTATION AND/OR IMPROVEMENT OF ITS MARCH 1 TROPICAL PRODUCTS (TP) OFFER OF MFN TARIFF CONCESSIONS ON NEARLY 150 PRODUCTS (85 PERCENT OF WHICH ARE IMPORTED FROM LDCS) WOULD REQUIRE "CONTRIBUTIONS" FROM THE PRINCIPAL BENEFICIARY COUNTRIES.

THE TP OFFERS OF OTHER DEVELOPED COUNTRIES CONSISTED PRINCIPALLY OF IMPROVEMENTS IN THEIR SYSTEMS OF GSP, WHICH ARE UNILATERAL GRANTS AND FOR WHICH LDC "CONTRIBUTIONS" ARE NOT APPROPRIATE. LDCS AS A GROUP MAINTAINED THE POSITION THAT LDC "CONTRIBUTIONS" TO THE MTN SHOULD COME AT THE END OF THE NEGOTIATIONS WHEN THE "NET" BENEFITS TO LDCS ARE KNOWN, AND THAT LDC "CONTRIBUTIONS" TO THE NEGOTIATIONS IN ANY MTN GROUP, AND ESPECIALLY IN THE TP GROUP, ARE NOT APPROPRIATE. BILATERALLY, HOWEVER, SEVERAL LDCS HAVE INDICATED THE POSSIBILITY OF CONTRIBUTIONS WHICH WERE NOT PUBLICLY IDENTIFIED WITH THE MTN TP NEGOTIATIONS.

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PAGE 01 MTN GE 10147 04 OF 04 281254Z
ACTION EB-07

INFO OCT-01 ISO-00 AF-08 ARA-06 EA-07 EUR-12 NEA-10 IO-13
FEA-01 AGRE-00 CEA-01 CIAE-00 DODE-00 FRB-03 H-01
INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05
CIEP-01 SS-15 STR-04 ITC-01 USIA-06 PRS-01 SP-02
OMB-01 /131 W

-----281257Z 009621 /53

R 280945Z DEC 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 2156

INFO ALL OECD CAPITALS 131-132-133-134

AMEMBASSY ABIDJAN

AMEMBASSY ACCRA

AMEMBASSY ALGIERS

AMEMBASSY BANGKOK

AMEMBASSY BELGRADE

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY BUENOS AIRES

AMEMBASSY CAIRO

AMEMBASSY CARACAS

AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMEMBASSY DAKAR

AMEMBASSY DAR ES SALAAM

AMEMBASSY JAKARTA

AMEMBASSY ISLAMABAD

AMCONSUL JERUSALEM

AMEMBASSY KINGSTON

AMEMBASSY KINSHASA

AMEMBASSY KUALA LUMPUR

AMEMBASSY LAGOS

AMEMBASSY LA PAZ

AMEMBASSY LIMA

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PAGE 02 MTN GE 10147 04 OF 04 281254Z

AMEMBASSY LOME

AMEMBASSY LUSAKA

AMEMBASSY MANILA

AMEMBASSY MEXICO

AMEMBASSY MONTEVIDEO

AMEMBASSY NAIROBI

AMEMBASSY NEW DELHI

AMEMBASSY PRAGUE

AMEMBASSY PRETORIA

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

AMEMBASSY SEOUL

AMEMBASSY SINGAPORE

AMEMBASSY SOFIA
AMEMBASSY TANANARIVE
AMEMBASSY TEHRAN
AMEMBASSY TUNIS
AMEMBASSY YAOUNDE
USDOC WASHDC
DEPT OF TREASURY WASHDC

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DEPARTMENT PASS STR, LABOR, AGRICULTURE, ITC

B) THE SIXTH MEETING OF THE TP GROUP WAS HELD OCTOBER 18-20 TO REVIEW PROGRESS IN THE TP NEGOTIATIONS, AND REACHED AGREEMENT THAT THOSE DEVELOPED COUNTRIES SHOULD "WORK TOWARDS" IMPLEMENTING THEIR OFFERS ON JANUARY 1, 1977, OR AS SOON THEREAFTER AS POSSIBLE. THE U.S. WAS ABLE TO JOIN IN THIS CONSENSUS ON THE UNDERSTANDING THAT IT WOULD CONTINUE TO WORK TOWARD IMPLEMENTING ITS TP OFFER BASED ON "CONTRIBUTIONS" FROM THE PRINCIPAL BENEFICIARY LDCS. HOWEVER, THE U.S. ALSO ANNOUNCED THAT IT WOULD CONSIDER IMPLEMENTING THAT PART OF ITS TP OFFER FOR WHICH SUFFICIENT LIMITED OFFICIAL USE

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PAGE 03 MTN GE 10147 04 OF 04 281254Z

CONTRIBUTIONS WERE FORTHCOMING FROM SOME OF THE PRINCIPAL BENEFICIARIES OF ITS OFFER. OTHER DEVELOPED COUNTRIES ANNOUNCED THAT THEIR TP OFFERS, WITH THE EXCEPTION OF SOME MINOR IMPROVEMENTS UNDER CONSIDERATION, WERE AS FAR AS THEY WERE PREPARED TO GO UNDER THE PROCEDURES IN EFFECT IN THE TP GROUP, AND SOUGHT TO CLOSE OFF THE ACTIVE WORK OF THE TP GROUP. LDCS EXPRESSED APPRECIATION FOR THE OFFERS RECEIVED, BUT NOTED THEIR DISAPPOINTMENT WITH THE LIMITED NUMBER AND DEPTH OF TARIFF CUTS OFFERED ON THE PRODUCTS THEY HAD REQUESTED, THEIR UNCERTAINTY AS TO THE VALUE OF GSP IMPROVEMENTS OFFERED, AND SUCCEEDED IN KEEPING OPEN THE WORK OF THE TP GROUP TO REVIEW LDC UNFULFILLED REQUESTS FOR BOTH TARIFF AND NONTARIFF CONCESSIONS.

C) AT THE END OF 1976, THE FOLLOWING COUNTRIES HAD NOTIFIED THE GATT SECRETARIAT OF THEIR INTENTION TO IMPLEMENT THEIR TP OFFERS ON JANUARY 1, 1977; EC, AUSTRALIA, SWITZERLAND, AND NEW ZEALAND (NORDIC COUNTRIES ARE EXPECTED TO NOTIFY SHORTLY). JAPAN, CANADA, AND AUSTRIA ALSO STATED IN THE TP MEETING THAT THEY INTEND TO IMPLEMENT, CONSISTENT WITH THEIR COMESTIC PROCEDURES, DURING THE FIRST HALF OF 1977. THE U.S. MTN DEL IS PURSUING BILATERAL CONSULTATION/NEGOTIATIONS WITH SEVERAL LDC BENEFICIARY COUNTRIES, WHICH,

IF SUCCESSFUL, AND COMBINED WITH "CONTRIBUTIONS" ALREADY IMPLEMENTED BY SEVERAL LDC BENEFICIARIES OF THE U.S. TP OFFER, WOULD PERMIT PARTIAL IMPLEMENTATION OF THE U.S. TP OFFER LATER IN 1977. A FURTHER MEETING OF THE TP GROUP IS EXPECTED TO BE HELD DURING THE FIRST QUARTER OF 1977.

8. A) OTHER- ON SEPTEMBER 20, 21 AMBASSADOR WALKER HOSTED A CONFERENCE ON THE MTN FOR 31 ECONOMIC OFFICERS FROM EM-BASSIES IN EUROPE AND WASHINGTON OFFICIALS. IN LATE SEPTEMBER HE APPEARED UNDER USIS AUSPICES IN ZAIRE, TANZANIA AND KENYA WHERE HE MET WITH TRADE OFFICIALS, SPOKE BEFORE LIMITED OFFICIAL USE

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PAGE 04 MTN GE 10147 04 OF 04 281254Z

A VARIETY OF AMERICAN AND HOST COUNTRY AUDIENCES AND WAS INTERVIEWED ON RADIO, TELEVISION AND BY NEWSPAPERS ON THE SUBJECT OF NORTH/SOUTH RELATIONS AND THE MTN.

B) ON OCTOBER 18, 19 AMBASSADOR WALKER WAS IN VIENNA UNDER USIS AUSPICES TO SPEAK BEFORE THE AUSTRIAN FOREIGN POLICY ASSOCIATION. WHILE THERE HE MET WITH AUSTRIAN OFFICIALS INCLUDING THE MINISTER FOR FOREIGN TRADE AND WITH THE AUSTRIAN CHAMBER OF COMMERCE. THE AMBASSADOR SPOKE BEFORE THE EC/U.S. BUSINESSMEN'S COUNCIL IN LONDON OCTOBER 26. WHILE IN LONDON, HE DISCUSSED TRADE ISSUES WITH THE NEWLY ELECTED PRESIDENT OF THE EUROPEAN COMMISSION, ROY JENKINS. ON OCTOBER 28, 29 AMBASSADOR WALKER MET IN PARIS WITH FRENCH GOVERNMENT OFFICIALS INCLUDING THE MINISTER FOR FOREIGN TRADE.

C) THE AMBASSADOR MET WITH THE ADVISORY COMMITTEE FOR TRADE NEGOTIATIONS (ACTN) IN WASHINGTON NOVEMBER 16. HE SPOKE TO THE NATIONAL CONFERENCE ON "AMERICAN LABOR'S STAKE AND VOICE IN A CHANGING WORLD ECONOMY", SPONSORED BY THE CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE IN RYE, NEW YORK, ON DECEMBER 14, 15 AND TO THE BOARD OF DIRECTORS OF THE INTERNATIONAL APPAREL FEDERATION IN PARIS, DECEMBER 10.

D) AMBASSADOR WALKER HELD ONE PRESS BRIEFING DURING THE REPORTING PERIOD, ON NOVEMBER 8, AND MET WITH A NUMBER OF VISITING AND LOCAL JOURNALISTS THROUGHOUT THE PERIOD. WALKER

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